

## Collaborative Relationships with Minority Depository Institutions

Minority depository institutions (MDIs) provide banking services to those who might not otherwise have access to a financial institution. MDIs tend to maintain offices in underserved communities that often have a higher concentration of low- or moderate-income census tracts and a higher share of minority populations. MDIs frequently have a better understanding of the economic development needs of underserved areas.

Collaboration among MDIs, or between MDIs and non-MDIs, can result in sound and profitable lending and investments that meet the needs of underserved communities. In addition, institutions engaging in such collaboration and partnerships may receive Community Reinvestment Act (CRA) consideration for these activities.

### Examples of collaborative efforts include:

**Shinhan Bank America, New York, NY**, participated in FDIC's Large Bank – MDI Roundtable in June 2019 in Washington, DC. Since the Roundtable, Shinhan Bank America has connected with some of the larger partner banks that matched the bank's needs. Berkshire Bank, Pittsfield, MA, has provided advice and institutional insights on CRA and fair lending monitoring. New York Community Bancorp, Inc. Westbury, NY, provided onsite CRA training. And IDB Bank, New York, NY, has offered a community development services/investment opportunity through Cristo Rey NY High School Corporate Work Study Program, an innovative educational and financial model that allows students to receive a private, college preparatory education while getting invaluable work experience.

**Mechanics & Farmers Bank, Durham, NC**, has received several deposits from non-MDIs and has loan participations with two MDIs and five non-MDI banks. Mechanics & Farmers Bank is partnering with Novant Health on the Diverse Supplier Community Reinvestment program, which offers expedited access to bank loans at competitive rates. Novant Health is committed to developing mutually-beneficial and successful partnerships with diverse suppliers by incorporating them into the everyday process of product or service bids.

**Lumbee Guaranty Bank, Pembroke, NC**, has sold several loan participations to non-MDIs and has also purchased loan participations from non-MDIs including Community Banker's Bank, KS Bank, New Republic Bank, and Entegra Bank.

**Harbor Bank of Maryland, Baltimore, MD**, works with Goldman Sachs on its 10,000 Small Businesses program, which helps entrepreneurs create jobs and economic opportunity by providing greater access to education, capital, and business support services. Harbor Bank is also part of the U.S. Department of the Treasury's Mentor/Protégé Program with JP Morgan Chase where mentor banks voluntarily assist protégé banks in growing their business and competing for financial assistance opportunities. The program provides insight into the challenges involved, and a perspective on the processing of federal government work.

The FDIC has created several resources that describe ways that financial institutions, including community banks, can partner with MDIs to the benefit of all institutions involved, as well as the communities they serve.

[Resource Guide for Collaboration with Minority Depository Institutions - PDF](#)

[Financial Institution Letter \(FIL\) 64-2017: Collaborative Relationships with Minority Depository Institutions](#)

The Office of the Comptroller of the Currency (OCC) also provides examples of MDI collaborations at [Community Development Investments](#).

